

BlockFi Lending LLC
Debtor

Case No. 22-19365
Reporting Period: April 1 - 30, 2023

MONTHLY OPERATING REPORT
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Notes to the Monthly Operating Report

This report includes activity from the following Debtor and its related Case Number:

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BlockFi Lending LLC	22-19365

Notes to MOR:

On November 28th, 2022 (the "Petition Date"), BlockFi Inc. and eight of its affiliates (collectively, the "Debtors" or the "Company") filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. The Debtors are operating their business and managing their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On November 28, 2022, the court entered an order [Docket No. 18] authorizing joint administration and procedural consolidation of these Chapter 11 cases pursuant to Bankruptcy Rule 1015(b) under the lead case *In re BlockFi Inc., et al.*, Case No. 22-19361. On December 21, 2022, the United States Trustee for the District of New Jersey (the "U.S. Trustee") appointed an Official Committee of Unsecured Creditors (the "Creditors Committee") [Docket No. 131]. No request for the appointment of a trustee or examiner has been made in these Chapter 11 cases.

BlockFi Lending LLC ("BlockFi Lending") is a Delaware Limited Liability Company, formed on January 11, 2018. The Debtor provides credit services to markets with limited access to financial products and offers financial products which enable cryptocurrency holders to earn interest on, borrow and lend their digital assets. BlockFi Lending holds lending licenses in various states and the U.S Territory of Puerto Rico and conducts business in certain additional states where licensing is not required.

The Debtors are filing their Monthly Operating Report solely for the purposes of complying with the monthly operating report requirements applicable in the Debtors' Chapter 11 cases. The financial and supplemental information contained herein is presented on a preliminary and unaudited basis, remains subject to future adjustments, and may not comply in all material respects with generally accepted accounting principles in the United States of America ("U.S. GAAP") or International Financial Reporting Standards ("IFRS"). This Monthly Operating Report should not be relied on by any persons for information relating to future financial conditions, events, or performance of any of the Debtors or their affiliates.

The financial information has been derived from the books and records of the Debtors. This information, however, has not been subject to certain procedures that would typically be applied to financial information in accordance with U.S. GAAP or IFRS, and upon application of such procedures, the Debtors believe that the financial information could be subject to changes, which could be material. The information furnished in this report includes primarily normal recurring adjustments but does not include all adjustments that would typically be made for financial statements prepared in accordance with U.S. GAAP or IFRS. The preparation of the Financial Statements and MOR required the Debtors to make commercially reasonable estimates and assumptions with respect to the reported amounts of assets and liabilities, the amount of contingent assets and contingent liabilities at month end, and the reported amounts of revenues and expenses during the applicable reporting periods. Actual results could differ from such estimates.

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Except for cryptocurrency amounts owed to creditors and intercompany balances as of petition date, all information presented has been translated using prevailing prices as of UTC 23:59:59 as of the applicable period end.

When determining the prices for digital assets and liabilities, the Company assesses the principal market in which to sell the digital assets or in the absence of a principal market, the most advantageous market. Market prices for such assets and liabilities may be volatile and not be readily ascertainable. In addition, the Company's ultimate realized value will be based on outcomes that are difficult to predict and outside of the control of the Company. As a result, amounts ultimately realized by the Company may differ from the fair values presented.

Client balances reflected in the financial statements and this Monthly Operating report are as of UTC 1:15:00 on November 11, 2022 (20:15:00 prevailing Eastern Time on November 10, 2022).

The Debtors reserve all rights to amend or supplement this Monthly Operating Report in all respects, as may be necessary or appropriate. Nothing contained in this Monthly Operating Report shall constitute a waiver of any of the Debtors' rights or an admission with respect to their Chapter 11 cases.

Debtor Full-Time Employees:

This MOR includes the number of full-time employees as of the Petition Date and as of April 30, 2023. As described in the Wages Motion [Docket No. 16], the Debtors also employ Independent Contractors located outside of the United States, whose salaries and benefits are included in the payroll amounts included in the MOR for the employing debtor entity.

Notes to MOR Part 1

For the avoidance of doubt, the bank accounts, cash balances and associated cash receipts and disbursements set forth do not include assets held in the customer accounts referred to as the BlockFi Wallet product as described in the *Debtors' Motion for Entry of an Order (I) Authorizing the Debtors to (A) Honor Withdrawals from Wallet Accounts, (B) Update the User Interface to Properly Reflect Transactions and Assets as of the Platform Pause, and (C) Conduct Ordinary Course Reconciliation of Accounts, and (II) Granting Related Relief* (the "Wallet Withdrawal Motion") [Docket No. 121]. As discussed in the Wallet Withdrawal Motion, the

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Debtors do not have a legal or equitable interest in the assets held in the Wallet Accounts; such held funds are owned by the Debtors' clients. Note that digital assets attributable to Wallet Accounts are separately captured in Part 2 under Inventory (2c).

Notes to MOR Part 2 & MOR Part 4

The information contained in MOR Part 2 & MOR Part 4 is provided to fulfill the requirements of the Office of the United States Trustee. All information contained in MOR Part 2 & MOR Part 4 is unaudited and subject to future adjustment.

Accounts receivable (2a) represents the fair market value of digital asset loans ("Digital Asset Loans"), principal value of USD-denominated loans without reserves ("Loans"), accrued and unpaid interest owed to BlockFi denominated in digital assets ("Digital Assets Receivable"), accrued and unpaid interest owed to BlockFi denominated in USD ("Interest Receivable"), default interest where applicable ("Default Interest"), and intercompany receivables between BlockFi entities ("Intercompany Receivables"). Accounts receivable (2a) also includes claims on assets held on FTX.com, which was otherwise excluded from Cash (1d) and Inventory (2c), and claims for unpaid principal and interest owed for loans outstanding with Alameda Research, Three Arrows Capital, or any other borrower in default. Given the ultimate recoverability on Claims are being determined in separate proceedings, the Company has not reduced any of these amounts to an estimated recovery value in this report.

Inventory (2c) includes digital assets held in custody at entities which are not undergoing their own bankruptcy proceedings, and thus excludes digital assets BlockFi holds with FTX.com.

Post-petition payables (2f) include general accounts payable and other accrued expenses and liabilities. Any post-petition interest accrued pursuant to the terms and conditions of any client agreements is included as liabilities subject to compromise.

Selling expenses (4d) and General and Administrative expenses (4e) reflect the utilization of discounts and pre-payments thus creating contra expenditures in certain instances.

Other expenses (4f) reflects (i) the impact of price changes during the reporting period for digital asset translation adjustments, and (ii) impairment charges related to the write-down of the Debtors' institutional loan portfolio and mining assets. Any post-petition interest accrued pursuant to the terms and conditions of any client agreements is included as liabilities subject to compromise.

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Notes to MOR Part 3

Pursuant to the *Order Granting Debtors' Motion for Entry of an Order (I) Authorizing the Debtors to Continue Servicing and Administration Activities in the Ordinary Course of Business with Respect to the Debtors' Institutional Loan Portfolio and Granting Related Relief and (II) Authorizing and Establishing Procedures Regarding the Restructuring, Settlement, or Other Modifications of Institutional Loans and Loan Obligations* (the "Loan Settlement Procedures Order") [Docket No. 299], the Debtors entered into certain loan settlement agreements in which BlockFi Inc. was lender to the settling borrower. Part 3 provides the details of these loan settlements, which occurred during the month of March as permitted by the Loan Settlement Procedures Order and as approved by the Bankruptcy Court. While these transactions are not technically a sale of assets but are instead loan settlements in which BlockFi Inc. may have incurred a loss to resolve certain loans with borrowers, BlockFi is disclosing the incoming proceeds that resulted from the settlements in Part 3.

Notes to MOR Part 7

Pursuant to certain orders of the Court in the Chapter 11 cases entered shortly after the Petition Date [Docket Nos. 43-44, 49, 50-52, and 55] (collectively, the "First Day Orders"), the Debtors were granted authority to pay certain outstanding prepetition payables, including payments outlined in the Cash Management, Tax, Utility, Insurance, Critical Vendor, and Wage Motions [Docket Nos. 7, 9-11, 13, and 16, respectively].

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SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Debtor name:	BlockFi Lending LLC
Case number:	Case No. 22-19365
CASH BEGINNING OF PERIOD	\$ 44,126,246
RECEIPTS	
Mining Sale Proceeds	4,047,500
Interest Income	60,733
TOTAL RECEIPTS	4,108,233
DISBURSEMENTS	
Other Disbursements	-
TOTAL DISBURSEMENTS	
NET CASH FLOW	
(RECEIPTS LESS DISBURSEMENTS)	4,108,233
CASH END OF MONTH	\$ 48,234,479

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PART 2
BALANCE SHEET (UNAUDITED)

Debtor name:	BlockFi Lending LLC
Case number:	22-19365
Line item	Current Period
ASSETS	
CURRENT ASSETS	
Cash	\$ 48,234,479
Restricted Cash	-
Stablecoin Held	93,068
Digital Assets Held	39,792,367
Indemnification Asset	-
Digital Assets Loaned	-
Loans, Net	144,523,134
Collateral Receivable	-
Intercompany Receivable from Affiliate Entities	678,346,862
Claims on Debtors in Bankruptcy (Estimate)	266,242,233
Mining Assets	50,964,707
Other Current Assets	2,165,923
TOTAL CURRENT ASSETS	1,230,362,772
NON-CURRENT ASSETS	
Deferred Tax Assets	-
Deferred Tax Assets, Valuation Allowance	-
Investment in Subsidiaries	500,000
Other Non-current Assets	448,384
TOTAL NON-CURRENT ASSETS	948,384
TOTAL ASSETS	1,231,311,156
LIABILITIES AND STOCKHOLDERS' EQUITY	
LIABILITIES	
Other Liabilities	
Safeguarding Liability	-
Post-petition Payables	-
Intercompany Payable - Post-petition	790,377
TOTAL OTHER LIABILITIES	790,377
Liabilities Subject to Compromise	
Customer Liabilities	194,742,778
USD Collateral Due to Clients	2,751,006
Digital Asset Collateral Due to Clients	277,397,690
Institutional Borrowings	112,045
Intercompany Payable to Affiliate Entities	369,280,090
FTX Borrowings and Accrued Interest Payable	-
Regulatory Fines Payable	59,433,962
Other Liabilities	1,093,319
TOTAL LIABILITIES SUBJECT TO COMPROMISE	904,810,891
TOTAL LIABILITIES	905,601,268
TOTAL STOCKHOLDERS' EQUITY	325,709,889
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,231,311,156

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PART 4
STATEMENT OF OPERATIONS (UNAUDITED)

Debtor name:	BlockFi Lending LLC
Case number:	22-19365
Line Item	Current period
REVENUE AND INTEREST INCOME	
Interest and Fee Revenue	\$ 60,708
Other Revenue	1,079
TOTAL REVENUE AND INTEREST INCOME	61,787
INTEREST AND TRADING EXPENSES	
Interest and Fee Expense	954,511
TOTAL INTEREST AND TRADING EXPENSES	954,511
OPERATING EXPENSES	
Personnel Expenses	-
General & Administrative	(25)
Software & Technology	48
Professional Fees	-
TOTAL OPERATING EXPENSES	23
OTHER OPERATING INCOME / (LOSS)	1,924,577
NET PROFIT / (LOSS)	\$ 1,031,830

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4/30/23 BANK ACCOUNTS

Entity name:	Bank name	Account type	Account number (last four digits)	Period-end bank balance	Currency
BlockFi Lending LLC	Signature	Operational account	-5383	\$ -	USD
BlockFi Lending LLC	First Citizens Bank (formerly SVB)	Retail Loan funding account	-8628	48,225,175	USD
BlockFi Lending LLC	Coinbase	Exchange	N/A	-	USD
BlockFi Lending LLC	Webster Bank	Operational account	-1966	9,305	USD
Total Debtor Amount				\$ 48,234,479	USD

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Schedule of Capital Assets

Asset Type	4/1/23 BV	Amortization	Asset Sales	4/30/23 BV
Mining Machines	\$ 4,175,000	\$ -	\$ 4,175,000	\$ -
Fixed Assets	2,143	-	-	2,143
Software	11,108	-	-	11,108
Total	\$ 4,188,251	\$ -	\$ 4,175,000	\$ 13,251

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Schedule of Mining Loan Portfolio Settlements

Date of Sale	Description	Gross Sales Price	Payments to/by Third Parties	Net Sales Proceeds ¹
4/4/2023	KryptoVault	\$ 2,767,500	\$ -	\$ 2,767,500
4/4/2023	Gilley Enterprises	\$ 880,000		\$ 880,000
4/4/2023	Blockstream	400,000	-	\$ 400,000
Apr. Total USD		\$ 4,047,500	\$ -	\$ 4,047,500

¹ Remaining book value of \$627,500 is recorded in Accounts Receivable due to holdback